I-2

15. (Twice Amended) [An electronic coin] A computer program product in accordance with claim [14] 12 wherein said precious metal comprises gold.

REMARKS

By the foregoing Amendment, Claims 12, 13 and 15 are amended, and Claim 14 is cancelled. Entry of the Amendment, and favorable consideration thereof is earnestly requested.

The Examiner has objected to the oath or declaration as not being in compliance with 37 CFR 1.67(a). A Supplemental Declaration and Power of Attorney obviating these concerns is enclosed herewith.

The Examiner has objected to the Amendment filed on March 8, 2002 under 35 U.S.C. 132 as introducing new matter into the disclosure. The Examiner has objected to the drawings, as amended, for substantially the same reason. In this regard, the Examiner has correctly recognized that the Amendment filed on March 8, 2002 sought to combine subject matter found in U.S. Patent Application No. 08/465,430, now U.S. Patent No. 5,671,364 (herein referred to as "the '430 application") with subject matter found in U.S. Patent Application No. 08/921,760, now U.S. Patent No. 5,983,207 (hereinafter referred to as "the '760 application").

However, Applicants respectfully submit that the Examiner's assertion that "None of the applications in the continuity chain of the present application ever disclosed both subject matters as disclosed in '430 and '207 in the same specification" is incorrect. Applicants also respectfully disagree with the Examiner's statement that "Applicant's attempt to now combine the subject matter into one specification in the present application finds no support in the disclosure as originally filed."

To the contrary, Applicants first note that all subject matter found in the '760 application was also included in the present application as filed. When filing the present application, Applicants filed a copy of the '760 application along with a preliminary amendment amending the Cross-Reference to Related Applications section to incorporate a reference to the '760 application and canceling the claims prosecuted in the '760 application. The Examiner, therefore, cannot say that any subject matter was not included in the present application as filed.

With respect to the '430 application, the basis for incorporating subject matter therefrom was the explicit incorporation by reference of the entire disclosure of the '430 application into the present application as filed (see page 3, lines 4-7). It is also worth noting that the teachings of the '430 application were explicitly and clearly incorporated by reference in the '760 application (see column 2, lines 2-7 of U.S. Patent No. 5,983,207). Thus, contrary to the Examiner's

assertion, the specifications of both the present application and the '760 application do disclose both subject matters as disclosed in the '430 application and the '760 application in the same specification.

Incorporation by reference is a well-settled practice that is explicitly approved of by the United States Patent Office. Section 2163.07(b) of the MPEP recognizes this fact as follows:

> Instead of repeating some information contained in another document, an application may attempt to incorporate the content of another document or part thereof by reference to the document in the text of the specification. The information incorporated is as much a part of the application as filed as if the text was repeated in the application, and should be treated as part of the text of the application as filed. Replacing the identified material incorporated by reference with the actual text is not new matter. See MPEP § 608.01(p) for Office policy regarding incorporation by reference.

(emphasis added). Thus, since all matter contained in the '760 application was explicitly recited in the present application as filed, and all matter contained in the '430 application was incorporated by reference into the present application as filed, Applicants respectfully submit that none of the added text (which has been taken from the '430 application) constitutes new matter.

Accordingly, it is requested that the objection to new matter be withdrawn and that the Examiner proceed with substantive examination of claims 16-23.

Claims 13-15 have been objected to for minor informalities. Claims 13 and 15 have been amended to obviate this rejection and Claim 14 has been cancelled.

The Examiner has rejected Claims 12 and 13 under 35 U.S.C. §102(b) as being anticipated by either Rosen (U.S. Patent No. 5,453,601), Dogget et al. (U.S. Patent No. 5,677,955) or Simon (U.S. Patent No. 5,768,385). In an attempt to further clarify the present invention, Claim 12 has been amended to incorporate the limitations of Claim 14, as well as other limitations. As such, Applicants respectfully submit that the Examiner's rejection of Claims 12 and 13 under 35 U.S.C. §102(b) is moot.

Claims 12-15 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Rosen, Dogget et al., Simon or McAndrews ("Making Payments on the Internet"), either alone or in various combinations.

The present application as claimed is directed to system for permitting gold or other commodities to circulate as currency in which a network of system users participate in financial transactions where payment is made in units of gold. The gold is kept in secure storage at a deposit site for the benefit of the users. The payments in gold are effected through a computer system having a computer program executing thereon which creates "ecoins".

By employing such a system, payment risk is eliminated. Payment risk arises in conventional banking systems where a financial institution accepts deposits, then in turn loans out that money to others. This is known as "fractional banking," in that the financial institution only keeps on hand a fraction of the actual assets it is holding for the account of its depositors. If the financial institution fails due to bad loans or fraud, the financial institution lacks sufficient assets to pay off its depositors. This practice has historically lead to significant losses in connection with financial institution failures. A related payment risk arises due to the fluctuating value of national currencies due to inflation and currency exchange rate variations dependent on the economy of the nation issuing the currency. Thus, there is a risk incurred by accepting national currencies.

In order to obviate payment risk, all claims of the present invention require at least the following elements: (1) an inventory of units of a valuable fungible precious metal stored at a deposit site, (2) a computer system for creating "ecoins" denominated in units of the commodity, and (3) that the total amount of fungible precious metal represented by "ecoins" is less than or equal to the quantity of fungible precious metal stored in the secure facilities (i.e., that the "ecoins" be 100% backed). Applicants respectfully submit that none of the above-cited

references, either alone or in combination, disclose, teach or suggest any of these highlighted elements.

Rosen, Dogget et al. and Simon all relate to systems and methods for creating electronic money in order to facilitate the transfer of value from one person or entity to another. However, in all systems the "electronic money" is not backed by any type of precious metal, as is required by all claims of the present invention. Rather, the "electronic money" is itself disclosed as being backed by currency. Moreover, none of the references discloses that the "electronic money" must be 100% backed by a physical quantity of the commodity at a particular location, even by currency. As such, none of the systems allow payment risk to be eliminated, and indeed all systems are just as vulnerable to the problems associated with fractional banking and fluctuations in values of national currencies as any traditional banking system. Applicants submit that this result makes sense, as none of the systems is intended or designed to eliminate payment risk inherent with using national currencies. Rather they are concerned simply with facilitating electronic transfer of value.

Applicants submit that absent some specific and compelling teaching to back the "electronic money" with a precious metal rather than currency, one skilled in the art would not have done so, as doing so greatly complicates the currency

backed system. Applicants also submit that the objects of the cited references (i.e., facilitating the transfer of value) are achieved just as well, if not better, using a currency backed system rather than a precious metal backed system. Furthermore, even if there was some motivation for modifying the systems disclosed in Rosen, Dogget et al. and/or Simon to be backed by a commodity rather than currency, there is no motivation to provide a system which is 100% backed. Again, the objects of the cited references are not achieved any better by providing 100% backing.

The McAndrews article simply provides a survey of the then current state of the art concerning electronic payment systems as well as presenting some alternatives which the author believes may be faced by electronic payment providers as the technology evolves. While Applicants recognize that McAndrews discloses that the digital currency could be backed by gold, McAndrews also teaches that it could just as easily be backed by U.S. dollars, short-term securities, U.S. Treasury bills, foreign currencies, etc. There in no indication that one form of backing is better than another which would lead one skilled in the art to choose one form of backing over another. Similarly, while Applicant recognizes that McAndrews does present that possibility that the digital currency could be backed 100%, McAndrews expresses absolutely no motivation for doing so. Applicants submit that, as is the case with Rosen, Dogget et al. and Simon, this lack of any

teaching that any of the above-highlighted claimed elements are desirable makes sense, as McAndrews is not concerned with eliminating payment risk inherent with using national currencies, but rather is concerned with surveying electronic payment systems which are secure and which allow for anonymous payments.

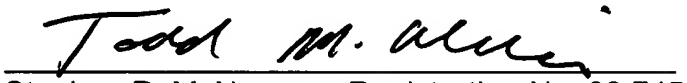
Thus, Applicants respectfully submit that none of Rosen, Dogget et al., Simon or McAndrews, either alone or in combination, discloses, teaches or suggests an "ecoin" system which is 100% backed by a precious metal thus permitting persons to conduct financial transactions without reliance on national currencies, whereby payment risk is eliminated, as is required by all claims. Moreover, Applicants respectfully submits that none of the above-cited references, either alone or in combination would be modified to arrive at such an "ecoin" system, because the objects of the cited references (i.e., facilitating the transfer of value in a secure and anonymous manner) are achieved just as well, if not better, using a currency backed system which is not 100% backed rather than a precious metal backed system which is 100% backed. The present application is concerned with a completely different problem than are the cited references, and solves this problem in a way not disclosed, taught or suggested thereby.

The Examiner has also rejected all claims under 35 U.S.C. 103(a) as being unpatentable over Lindsay et al. (U.S. Patent No. 5,285,383). This rejection is respectfully traversed.

Lindsay et al. is directed to a system which facilitates the transfer of title to a specified good (e.g., a particular bale of hay) from one person to another by employing an electronic title document rather than a paper title document. Lindsay et al. is not in any way concerned with permitting gold or other commodities to circulate as currency or with eliminating payment risk. As such, Lindsay does not disclose, teach or suggest that the commodity upon which the "digital currency" is based be a fungible precious metal. While Applicants understand that the Examiner believes it would have been obvious have the commodity be a precious metal, Applicants respectfully submit that it would not have been obvious for the commodity to be a fungible precious metal. In fact, the whole concept that the commodity be fungible would be repugnant to the teachings of Lindsay et al., which is concerned with facilitating the transfer of a title document. By its very nature, it is necessary that a title document be associated with a specific identified good, which of course is contrary to the meaning of "fungible." As such, not only does Lindsay et al. provide no motivation for modifying the device therein to satisfy the requirement that the precious metal be fungible, but Lindsay et al. teaches away from such a modification.

For the foregoing reasons, Applicants respectfully submit that all pending claims, namely Claims 12, 13 and 15, are patentable over the references of record, and earnestly solicits allowance of the same.

Respectfully submitted,



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Clean Copy of Amended Claims

12. (Five Times Amended) A computer program product for use in conjunction with a commodity-based system for conducting financial transactions, the system including at least one deposit site having secure facilities for storage of a quantity of fungible precious metal, said computer program product embodied on computer-readable medium and comprising code that, when executed on a computer, causes the computer to perform the following steps:

identify a unique serial number associated with one of a plurality of electronic data files;

identify an amount of the fungible precious metal represented by said one of a plurality of electronic data files, wherein the total amount of fungible precious metal represented by the plurality of electronic data files is less than or equal to the quantity of fungible precious metal stored in the secure facilities;

identify a date associated with said electronic data file, said date indicating the date when said electronic data file was created;

verify a digital signature for authenticating said electronic data file.

13. (Twice Amended) A computer program product in accordance with claim 12 wherein said computer data are digital data.

15. (Twice Amended) A computer program product in accordance with claim 12 wherein said precious metal comprises gold.